

Message Text

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PAGE 01 JAKART 13532 061043Z

47

ACTION EA-10

INFO OCT-01 ISO-00 AEC-07 AID-05 CEA-01 CIAE-00 CIEP-02

COME-00 DODE-00 EB-06 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-04 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 PRS-01

USIA-15 XMB-04 /108 W

----- 002411

R 060846Z NOV 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5170

INFO AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 13532

E.O. 11652: N/A

TAGS: ENRG, ID

SUBJ: ENERGY: PERTAMINA SIGNS GAS PIPELINE

CONTRACT

1. ACCORDING TO RECENT PRESS REPORTS DATELINED TOKYO, PERTAMINA SIGNED CONTRACT FOR 220 KM, 24-INCH NATURAL GAS PIPELINE WORTH 60 MILLION YEN (ABOUT 200 MILLION US DOLLARS) WITH JAPANESE CONSORTIUM HEADED BY NIPPON STEEL. OTHER CONSORTIUM MEMBERS ARE TOYO MENKA KAISHA, MITSUI, MARUBENI AND FAR EAST OIL TRADING COMPANY, PERTAMINA'S JAPAN-BASED CRUDE OIL MARKETING COMPANY. NIGATA ENGINEERING AND SANKYA TRANSPORTATION AND ENGINEERING COMPANY WILL REPORTEDLY BE SUBCONTRACTORS TO NIPPON STEEL. PIPELINE'S PRIMARY PURPOSE IS TO TRANSPORT NATURAL GAS FROM ARCO'S OFFSHORE (JAVA SEA) ARDJUNA FIELD NEAR CILAMAYA AND CIREBON TO GOI/PERTAMINA-SPONSORED KRAKATAU STEEL COMPLEX AT CILEGON. NATURAL UNCLASSIFIED

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PAGE 02 JAKART 13532 061043Z

GAS WILL PROVIDE ENERGY FOR KRAKATAU/FERROSTAHL

2-MILLION-TON DIRECT REDUCTION STEELMAKING FACILITY
NOW UNDER CONSTRUCTION. PIPELINE IS TO BE COMPLETED
BY END OF 1976.

2. PRESS REPORTS MENTION JAPAN EXIM BANK WILL PROVIDE
10-YEAR YEN LOAN, SUBJECT TO GOI APPROVAL,
USING PERTAMINA CRUDE OIL AS COLLATERAL AND THAT PIPELINE
CONSTRUCTION SCHEDULED BEGIN END NOVEMBER 1974.

3. JAPAN ECONOMIC JOURNAL (OCTOBER 29) REPORTS "IT
WAS UNDERSTOOD THAT JAPANESE INTERESTS WERE TRYING TO
SECURE A GUARANTEE FROM PERTAMINA THAT JAPAN WILL GET
A GIVEN AMOUNT OF OIL DURING 10-YEAR LOAN PERIOD EVEN
THOUGH OIL PRICE MAY FLUCTUATE IN THE INTERIM.
REPORTS FROM INDONESIA SAID THAT INDONESIAN AUTHORITIES
HAD PROPOSED GUARANTEEING "SETTLEMENT OIL' OF 30,000
B/D DURING 10 YEARS FOR SECURING EXIM FINANCING FOR
THE PROJECT AS WELL AS BUILDING A FERTILIZER PLANT AND
LPG PLANT NOW UNDER PLANNING." (FYI. PERTAMINA IS
PLANNING TO BUILD BOTH 1,000-TON PER DAY AMMONIA
PLANT AND LPG FACILITY NEAR CIREBON. END FYI.)

4. COMMENT. WE WILL REPORT ADDITIONAL INFORMATION
ON PIPELINE PROJECT AS IT BECOMES AVAILABLE.

5. ACTION REQUESTED. WE WOULD APPRECIATE ANY
INFORMATION AMEMBASSY TOKYO MIGHT OBTAIN FROM
JAPANESE SOURCES.
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